

RH PETROGAS LIMITED

(Company Registration No.: 198701138Z)

MATERIAL DIFFERENCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

The Board of Directors of RH Petrogas Limited (the "**Company**") refers to the unaudited full year financial statement and dividend announcement of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2010 ("**FY2010**") ("**Unaudited Results**") announced by the Company on 27 February 2011.

Pursuant to Rule 704(6) of the Listing Manual of the SGX-ST, the Board wishes to announce that there are certain late adjustments made to the Unaudited Results, which are reflected in the audited consolidated financial statements of the Group for FY2010 ("**Audited Results**").

The Group's profit after tax increased from S\$1,607,000 to S\$2,022,000 as a result of the adjustment in deferred tax expense. Consequently, basic and fully diluted earnings per share attributable to owners of the parent increased by 0.09 cents, from 0.35 cents to 0.44 cents.

Except for the above, the Board wishes to highlight that certain reclassifications to the Unaudited Results do not have any impact on the Group's Audited Results for FY2010.

A comparison of the Audited Results and the Unaudited Results is set out as follows :

**Consolidated Income Statement
for the year ended 31 December 2010**

	Group		
	Audited	Unaudited	Variance
	Results	Results	
	\$'000	\$'000	\$'000
CONTINUING OPERATIONS			
Revenue			
Net revenue from crude oil and gas sales	65,230	65,230	-
Cost of sales	(49,987)	(49,987)	-
Gross profit	15,243	15,243	-
Other income	667	558	109
Administrative expenses	(3,851)	(3,782)	(69)
Other expenses	(3,216)	(3,176)	(40)
Finance costs	(163)	(163)	-
Profit/(loss) before tax from continuing operations	8,680	8,680	
Income tax expense	(6,397)	(6,812)	415
Profit/(loss) from continuing operations, net of tax	2,283	1,868	415
DISCONTINUED OPERATION			
Loss from discontinued operation, net of tax	(261)	(261)	
Profit/(loss) after tax attributable to owners of the parent	2,022	1,607	415
Basic and fully diluted earnings/(loss) per share attributable to owners of the parent (cents per share)	0.44	0.35	0.09

Notes:

The adjustment to the consolidated income statement was due to :

- A The gain on disposal of subsidiaries in administrative expenses and refund of bank charges in other expenses have been reclassified to other income to reflect the nature of the balances.
- B The adjustment of deferred tax expense due to error in classification (see corresponding entries in page 3).
- C The resulting basic and fully diluted earnings per share arising from the change made in Note B above.

**Consolidated Statement of Comprehensive Income
for the year ended 31 December 2010**

	Audited Results	Unaudited Results	Variance	Notes
	\$'000	\$'000	\$'000	
Profit/(Loss) for the year	2,022	1,607	415	B
Other comprehensive income :				
Foreign currency translation	(466)	379	(845)	B
Foreign currency translation transferred to income statement upon disposal of subsidiaries	-	(430)	430	B
Reclassification adjustment arising from disposal of assets held for sale (transferred from asset revaluation reserve to retained earnings)	-	-	-	D
Transferred from asset revaluation reserve arising from disposal of assets held for sale	-	(2,298)	2,298	D
Transferred to accumulated losses	-	2,298	(2,298)	D
Other comprehensive income for the year, net of tax	(466)	(51)	(415)	B
Total comprehensive income for the year that is attributable to owners of the parent	1,556	1,556	-	

Note:

The adjustment to the consolidated statement of comprehensive income was due to :

- D Combining the effect of reclassification adjustment from disposal of assets held for sale (transfer of asset revaluation reserve to retained earnings).

Balance Sheets
as at 31 December 2010

	Group			Notes	Company			Notes
	Audited	Unaudited	Variance		Audited	Unaudited	Variance	
	Results	Results			Results	Results		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Non-Current Assets								
Oil and gas properties	81,077	63,608	17,469	E	-	-		
Other plant and equipment	2,005	2,005			85	85		
Exploration and evaluation assets	47,579	39,860	7,719	E	-	-		
Goodwill	179,778	179,144	634	E	-	-		
Investment in subsidiaries	-	-			-	-		
Restricted cash	21,026	19,484	1,542	F	-	-		
Intangible assets	-	26,320	(26,320)	E	-	-		
	331,465	330,421			85	85		
Current Assets								
Assets held for sale	-	-			-	-		
Inventories	9,393	9,393			-	-		
Other current assets	1,782	-	1,782	G(i)	349	-	349	H
Trade and other receivables	33,807	27,290	6,517	G(i)	638	-	638	H
Other receivables and prepayments	-	17,045	(17,045)	G(i)	-	49,101	(49,101)	H
Amount due from subsidiaries	-	-			192,897	144,783	48,114	H
Cash and short-term deposits	7,160	4,880	2,280	G(ii)	589	589		
Restricted cash	-	2,280	(2,280)	G(ii)	-	-		
	52,142	60,888			194,473	194,473		
Current Liabilities								
Loans and borrowings	-	-			-	-		
Trade and other payables	95,834	104,580	(8,746)	G(i)	15,947	15,947		
Income tax payable	2,798	2,798			144	144		
	98,632	107,378			16,091	16,091		
Net Current (Liabilities)/ Assets	(46,490)	(46,490)			178,382	178,382		
Non-Current Liabilities								
Provisions	24,686	-	24,686	G(iii)	-	-		
Deferred tax liabilities	40,450	40,948	(498)	E	-	-		
Loans and borrowings	68,013	68,013			33,953	33,953		
Other liabilities	11,672	34,816	(23,144)	G(iii)	10,000	10,000		
	144,821	143,777			43,953	43,953		
Net Assets	140,154	140,154			134,514	134,514		
Capital and reserves								
Share capital	176,877	176,877			176,877	176,877		
Reserves	(36,723)	(36,723)			(42,363)	(42,363)		
Total Equity	140,154	140,154			134,514	134,514		

Notes:

The adjustment to the balance sheets was due to :

E The completion of purchase price allocation for the acquisition of the working interests in Basin PSC and Island PSC. This gives rise to additional fair value adjustments on the intangible assets that resulted in a decrease in deferred tax liabilities and an increase in goodwill.

Furthermore, the intangible assets have been reclassified to exploration & evaluation assets and oil & gas properties respectively to reflect the nature of the balances.

F Additional cash deposit for provision for decommissioning was made.

G Reclassification of the following :

(i) Part of trade and other receivables, other current assets and trade and other payables have been reclassified to reflect the nature of the balances.

(ii) Restricted cash in the current assets has been reclassified to cash and short-term deposits to reflect the nature of the balances.

(iii) Part of other liabilities has been reclassified to provisions to reflect the nature of the balances which include an additional provision for decommissioning in conjunction with Note F above.

H The other receivables and prepayments of the Company has been reclassified to reflect the nature of the balances.

**Consolidated cash flow statement
for the year ended 31 December 2010**

	Audited Results	Unaudited Results	Variance	Notes
	\$'000	\$'000	\$'000	
Operating activities				
Profit/(Loss) before tax from continuing operations	8,680	8,680		
Loss before tax from discontinued operation	(261)	(261)		
Profit/(loss) before tax, total	8,419	8,419		
Adjustments for:				
Bad debts recovered	(461)	-	(461)	I(ii)
Depletion of oil and gas properties	7,655	6,388	1,267	I(i)
Amortisation of intangible assets	-	1,267	(1,267)	I(i)
Depreciation of other plant and equipment	644	644		
Gain on disposal of other plant and equipment	(15)	(15)		
Gain on disposal of assets held for sale	(522)	(521)		
Gain on disposal of investment in subsidiaries	(69)	(53)	(16)	I(ii)
Group provisions relating to discontinued operations, now written back	-	(208)	208	I(ii)
Impairment loss in value of other plant and equipment	330	-	330	I(ii)
Finance costs	163	163		
Interest income on bank deposits	(36)	(36)		
Operating cash flows before changes in working capital	16,108	16,048		
Decrease/(Increase) in inventories	2,291	4,438	(2,147)	J
Decrease/(Increase) in trade and other receivables	(6,041)	(6,610)	569	J
Increase/(decrease) in trade and other payables	11,597	(1,605)	13,202	J
Cash flows from/(used in) operations	23,955	12,271		
Income tax (paid)/refund	(2,965)	(2,965)		
Interest paid	(163)	(163)		
Interest received	36	36		
Net cash flows from/(used in) operating activities	20,863	9,179		
Investing activities				
Proceeds from disposal of other plant and equipment	15	-	15	I(ii)
Proceeds from disposal of assets held for sale	4,901	4,901		
Purchase of other plant and equipment	(655)	(548)	(107)	I(ii)
Additions to oil and gas properties	(8,212)	(8,213)	1	J
Payment for professional fees for the acquisition of Kingworld Resources Limited	-	-		
Additions to exploration and evaluation assets	(14,558)	(14,709)	151	J
Net cash outflow on acquisition of subsidiaries	(87,211)	(77,178)	(10,033)	J
Net cash inflow/(outflow) on disposal of subsidiaries	60	(213)	273	I(ii)
Net cash flows used in investing activities	(105,660)	(95,960)		

Financing activities

Repayment of term loans	(3,595)	(3,595)		
Proceeds from/(repayment of) amounts due to related parties	10,218	10,532	(314)	J
Proceeds from loans and borrowings	65,036	34,060	30,976	I(iii)
Repayment of advances to the previous shareholder of a subsidiary	(2,280)	(2,280)		
Increase in restricted cash and charge over project accounts	(3,452)	-	(3,452)	I(iv)
Loan from a related party	-	24,293	(24,293)	I(iii)
Loan from a corporate shareholder	-	6,683	(6,683)	I(iii)
Net cash from financing activities	65,927	69,693		
Net (decrease)/increase in cash and cash equivalents	(18,870)	(17,088)	(1,782)	I(iv)
Effect of exchange rate changes on cash and cash equivalents	522	(103)	625	I(iv)
Cash and cash equivalents at beginning of the year	22,071	22,071		
Cash and cash equivalents at end of the year	3,723	4,880		

Breakdown of Cash & Cash Equivalents at end of the year

	Audited Results	Unaudited Results	Variance	
	\$'000	\$'000	\$'000	
Cash and short-term deposits	7,160	4,880	2,280	G(ii)
Less :				
Bank overdrafts	-	-		
Short-term deposits pledged	(2,280)	-	(2,280)	G(ii)
Charge over project accounts	(1,157)	-	(1,157)	I(iv)
Cash and cash equivalents at end of the year	3,723	4,880		

Notes :

The adjustment to consolidated cash flow statement was due to :

I Reclassification of the following:

(i) Amortisation of intangible assets have been reclassified to depletion of oil and gas properties to reflect the nature of the balances.

(ii) Bad debts recovered, impairment loss on other plant and equipment and gain on disposal of investment in subsidiaries have been reclassified from the general provisions relating to discontinued operations, now written back. This gives rise to the net cash inflow of the disposal of subsidiaries which reflects the nature of these balances.

(iii) Loan from a related party and loan from a corporate shareholder have been reclassified to proceeds from loans and borrowings to reflect the nature of the balances.

(iv) Cash deposits in Basin PSC and Island PSC for termination liabilities, provision for commissioning and a fixed charge over the projected accounts have been reclassified as an increase in restricted cash and charge over the projected accounts to reflect the nature of the balances. This has resulted to a change in the effect of exchange rate changes on cash and cash equivalents.

- J Re-categorisation of certain assets and liabilities for the acquisition of the working interest in the Basin PSC and Island PSC in arriving at the net cash outflow of acquisition of subsidiaries.

BY ORDER OF THE BOARD

Tan Sri Datuk Sir Tiong Hiew King
Executive Chairman
12 April 2011